

Message Text

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PAGE 01 MANILA 10199 131051Z

46

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-02 SS-15

NSC-05 PRS-01 PA-01 USIA-06 /058 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7380

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E. O. 11652: NA

TAGS: EAIR, RP

SUBJECT: CIVAIR OPEN SKIES--PHILCAB VIEWS ON PANAM, PAL, NW AND
FT REQUESTS

REF: (A) STATE 171910 (B) MANILA 9973

DURING BUSINESSLIKE BUT AFFABLE CALL ON JULY 13, PHILCAB
EXECUTIVE DIRECTOR PACIFICO AGCAOILI TOLD COMATT THAT GOP
WOULD HAVE EASY TASK OF GRANTING PANAM RIGHTS TO SINGAPORE
AND HONG KONG, AND NORTHWEST RIGHTS TO TAIPEI, IF USCAB
WOULD TAKE RECIPROCAL ACTION ON PAL REQUEST FOR GUAM RIGHTS
AND COTERMINALIZATION AT LOS ANGELES. AS FOR FLYING TIGER
REQUEST TO SUBSTITUTE THE 747 FOR DC-8, AGCAOILI SIAD THAT
THIS WAS A SPECIALIZED MATTER AND THAT THE GOP WOULD LIKE
TO LOOK INTO THE MARKET AND THE CONOMICS OF THE CHANGE.
FINALLY HE NOTED THAT OTHER (THIRD COUNTRY) AIRLINES ARE
WAITING FOR THE LIFTING OF THE "TRAVEL BAN" (I.E., THE
RESTRICTIONS IMPOSED BY THE GOP ON THE TRAVEL ABROAD OF
PHILIPPINE NATIONALS) BEFORE THEY APPLY FOR ADDITIONAL
FREQUENCIES OR CAPACITIES.

2. AGCAOILI STATED THAT HEARING ON PANAM PETITION LAST
WEEK WAS POSTPONED FOR SEVEN DAYS AT REQUEST OF PANAM
ATTORNEY WHO WANTED ADDITIONAL TIME TO REBUT PAL OPPOS-
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PAGE 02 MANILA 10199 131051Z

ING PETITION. REFERRING TO THE NEED FOR EXPEDITIOUS

HANDLING SO THAT PANAM COULD STAGE CREWS, PRINT SCHEDULES, MOUNT SALES CAMPAIGN, ETC., AGCAOILI CLAIMED THAT PHILCAB WOULD "ALREADY HAVE GOTTEN PAPERS ON PANAM PETITION UP TO PRESIDENTIAL OFFICE" (PRESUMABLY WITH RECOMMENDATION FOR APPROVAL) HAD NOT A DELAY BEEN SOUGHT AND GRANTED AT PANAM REQUEST.

3. AGCAOILI STRESSED SEVERAL TIMES THAT BOTH CIVIL AERONAUTICS BOARDS SHOULD ACT LIBERALLY AND IN CONCERT. HE HOPED THAT MUTUAL RECIPROCAL ACTIONS BY THE TWO BOARDS WOULD OBTAIN THE NEED TO RESORT TO FULL DIPLOMATIC NEGOTIATIONS.

4. IN AN ASIDE, AGCAOILI CLAIMED THAT THE GOP HAS BEEN LIBERAL IN GRANTING THE USE OF WIDE-BODIED JETS, BUT IT IS NOW RUNNING INTO OPPOSITION FROM OTHER GOVERNMENTS, CITING THE ITALIAN AND SINGAPOREAN GOVERNMENTS. THE GOP RECENTLY PROPOSED TO CONVERT TWO OF THE FIVE PAL SINGAPORE WEEKLY FREQUENCIES TO DC-10'S BUT THE GOP HAD DEMURRED. (THIS MAY EXPLAIN GOP NON-CHALANCE ABOUT PANAM'S REQUEST FOR THREE 747 FREQUENCIES TO SINGAPORE. AGCAOILI PROBABLY DOES NOT BELIEVE THAT SINGAPORE WOULD GRANT SUCH RIGHTS AND THAT THEREFORE GOP GESTURE WOULD COST NOTHING).

5. REGARDING FLYING TIGER, AGCAOILI TWICE RESISTED THE SUGGESTION THAT ITS SWITCH TO 747 BE THROWN INTO THE POT. (FLYING TIGER PETITION WAS FILED JULY 12 AND COPY BEING POUCHED EB/TT/OA). HE DREDGED UP THE OLD COMPLAINT THAT THE PHILCAB HAD ORIGINALLY GRANTED FLYING TIGER CARGO RIGHTS IN EXPECTATION OF GUAM RIGHTS FOR PAL, BUT THAT USG HAD DISCLAIMED INTEREST IN THIS GENEROUS UNILATERAL GOP DECISION. IT IS OUR SUSPICION THAT FLYING TIGER WILL BE HELD HOSTAGE FOR A FUTURE PAL REQUEST.

6. COMMENT: AGCAOILI'S HOPE FOR MUTUAL RECIPROCAL ACTIONS BY THE TWO CAB'S WITHOUT RECOURSE TO DIPLOMATIC NEGOTIATIONS IS APPEALING BUT PROBABLY IMPRACTICAL AND PERHAPS SOMEWHAT DISINGENUOUS. THE OUTCOME OF THE LIMITED OFFICIAL USE

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PAGE 03 MANILA 10199 131051Z

PANAM PETITION SHOULD PROVIDE US WITH FURTHER CLUES AS TO HOW THE GOP INTENDS TO PURSUE IT NEW "OPEN SKIES" POLICY. IN THE MEANTIME, WE WOULD APPRECIATE ANY COMMENT WHICH WASHINGTON MAY BE ABLE TO MAKE WITH RESPECT TO AGCAOILI'S APPARENT POSITION. IF HE MEANS WHAT HE APPEARS TO MEAN, NAMELY THAT IT IS HIS INTENTION TO RECOMMEND APPROVAL OF PANAM'S ROUTE REQUESTS, AS WELL AS ITS REQUESTS FOR ADDITIONAL FREQUENCIES, WHAT WOULD

THIS IMPLY WITH RESPECT TO THE EXISTING INTERIM AIR
AGREEMENT? WE PRESUME IT WOULD HAVE TO BE AMENDED.
COULD PANAM PROCEED IMMEDIATELY TO OPERATE THESE ROUTES,
ASSUMING OF COURSE THEY WILL BE APPROVED BY SINGAPORE
AND HONG KONG? IF PHILCAB DOES APPROVE THE NEW ROUTES,
WOULD THERE BE ANY U.S. DISPOSITION TO GRANT PAL ROUTE
REQUESTS?
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